Department of Defense Purchase Card Program

GSA Expo
9-11 May 2000
San Diego, CA

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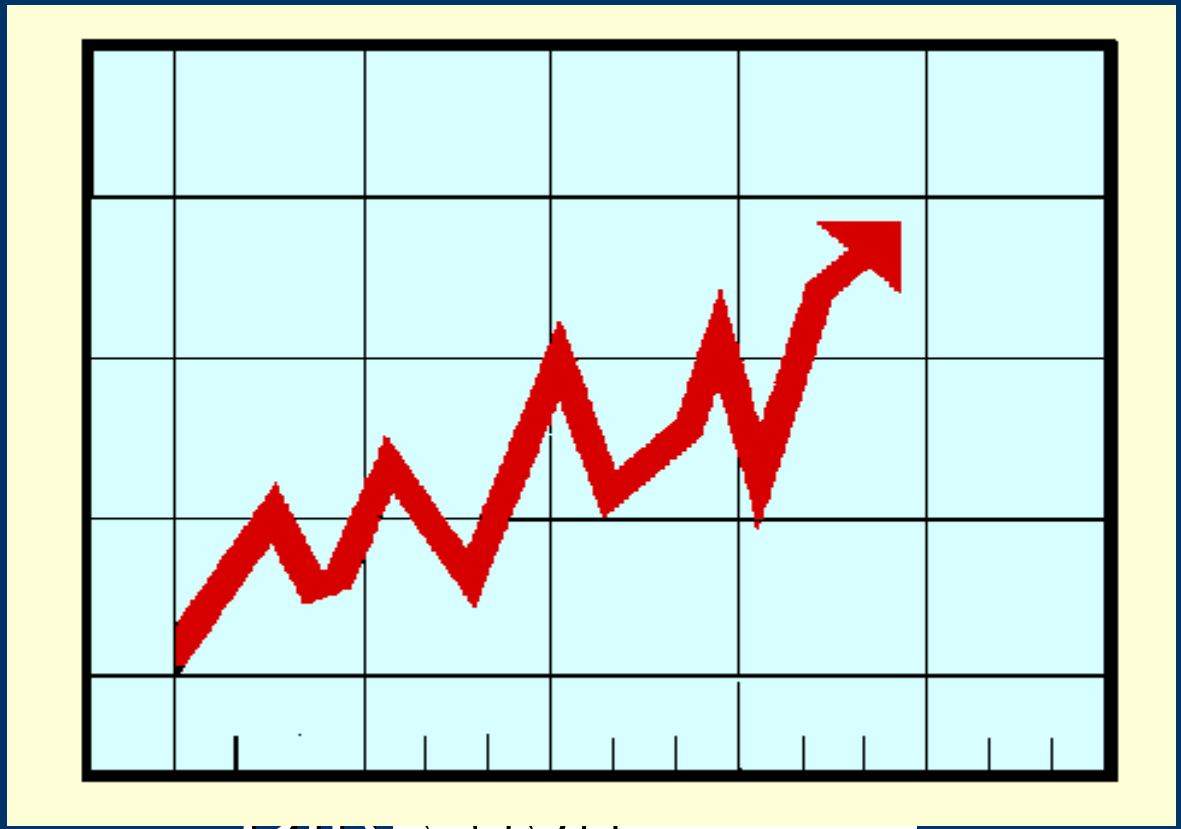
Director, Purchase Card Joint Program Office

Topics



Direction

Electronic data Interchange

Performance Efforts

Purchase Card History

- 1986 - Government started pilot programs
- 1989 - GSA issues Competitive Schedule Award
- 1993 - NPR identified card as a major acquisition reform
- 1994 - FASA eliminated most restrictions under $2,500 (micro-purchases)
- 1995 - FAR states purchase card is the “preferred” method for micro-purchases
- 1997 - DoD Mandates use of card for Micro-purchases
- 1999 - Over 90% of micro-purchases (1994-16%)

FY 1999 Card Performance

92%

$4.6 Billion in sales

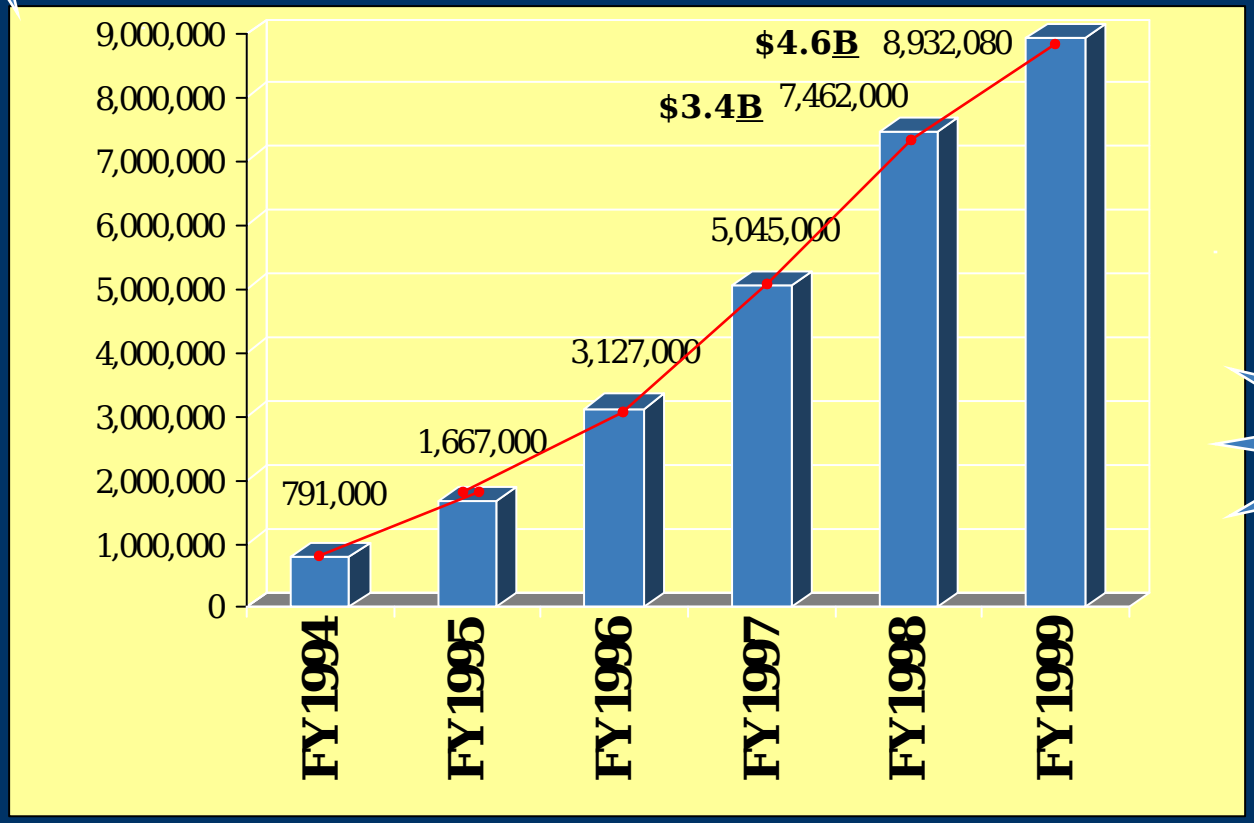
8,932,080 Purchases

$20.4 Million in rebates

$180 Million in savings

Total Card Purchases (Historical)

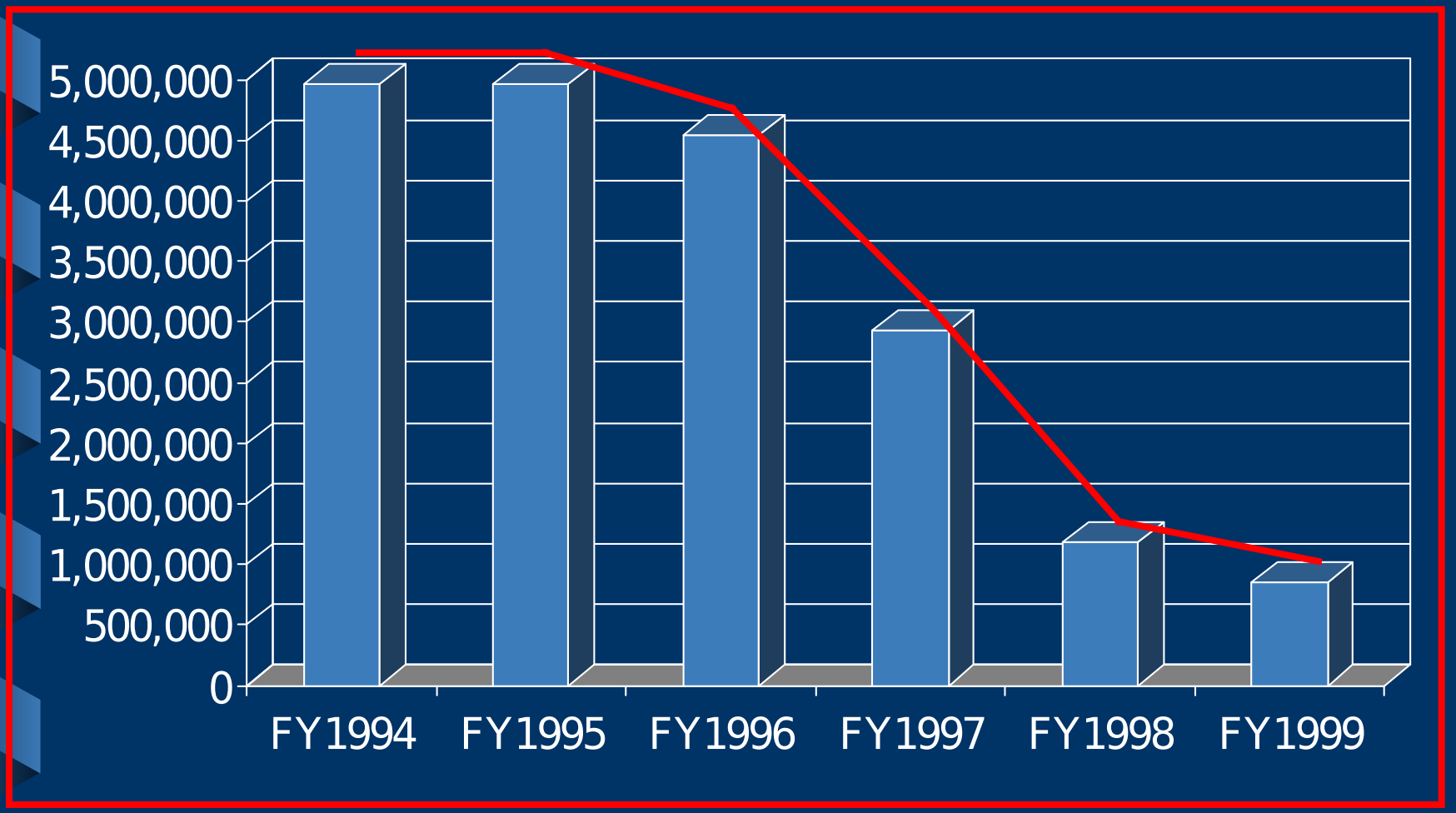
$20.4 Million in rebates



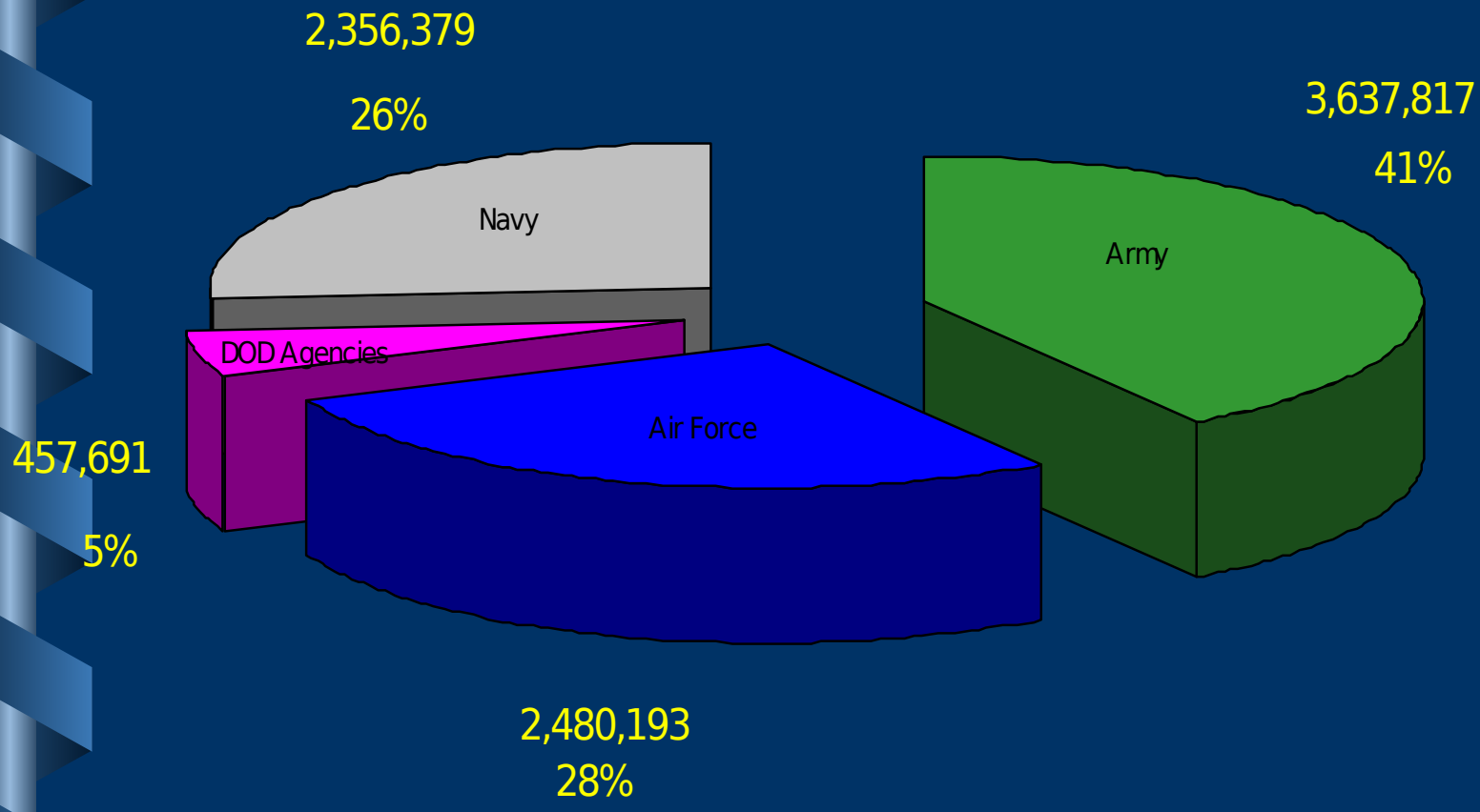
28% Growth over FY1998

Contract Office Workload

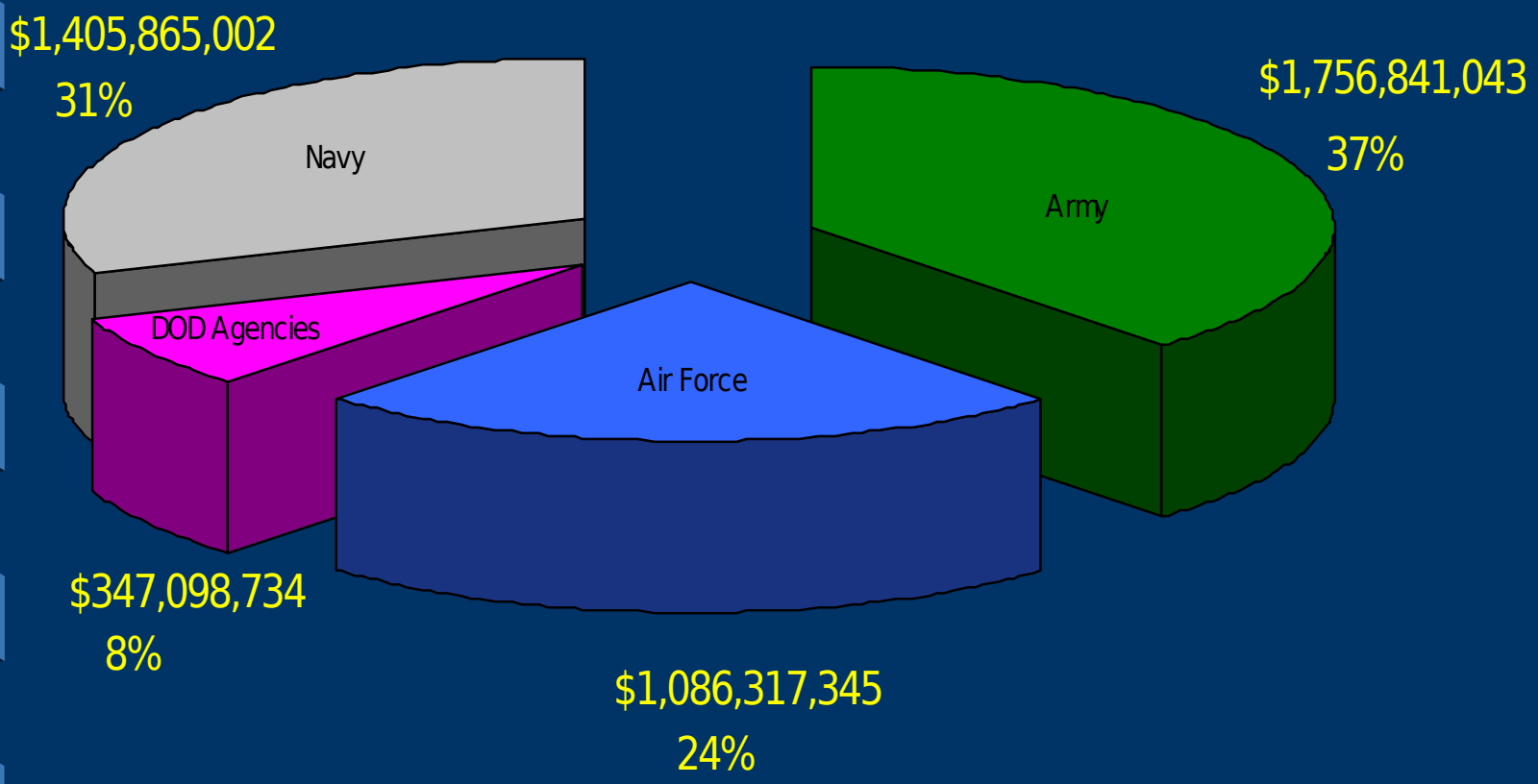
Purchase Orders and BPA Calls ($2,500 and less)



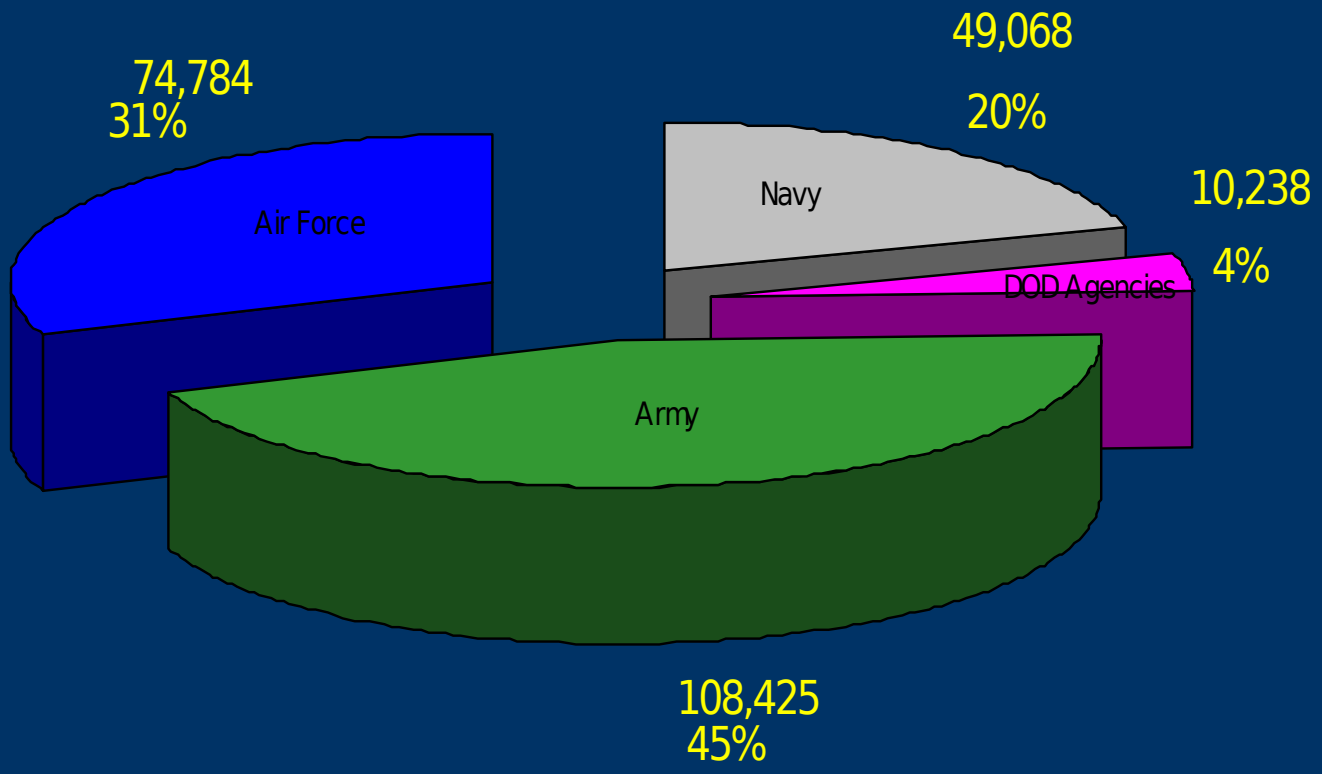
DOD Purchase Card Program
FY1999 Card Purchases



DOD Purchase Card Program
FY1999 Dollars Purchased



DOD Purchase Card Program
FY1999 Cards Issued



DOD Purchase Card Program

Issuing and Funding Cards

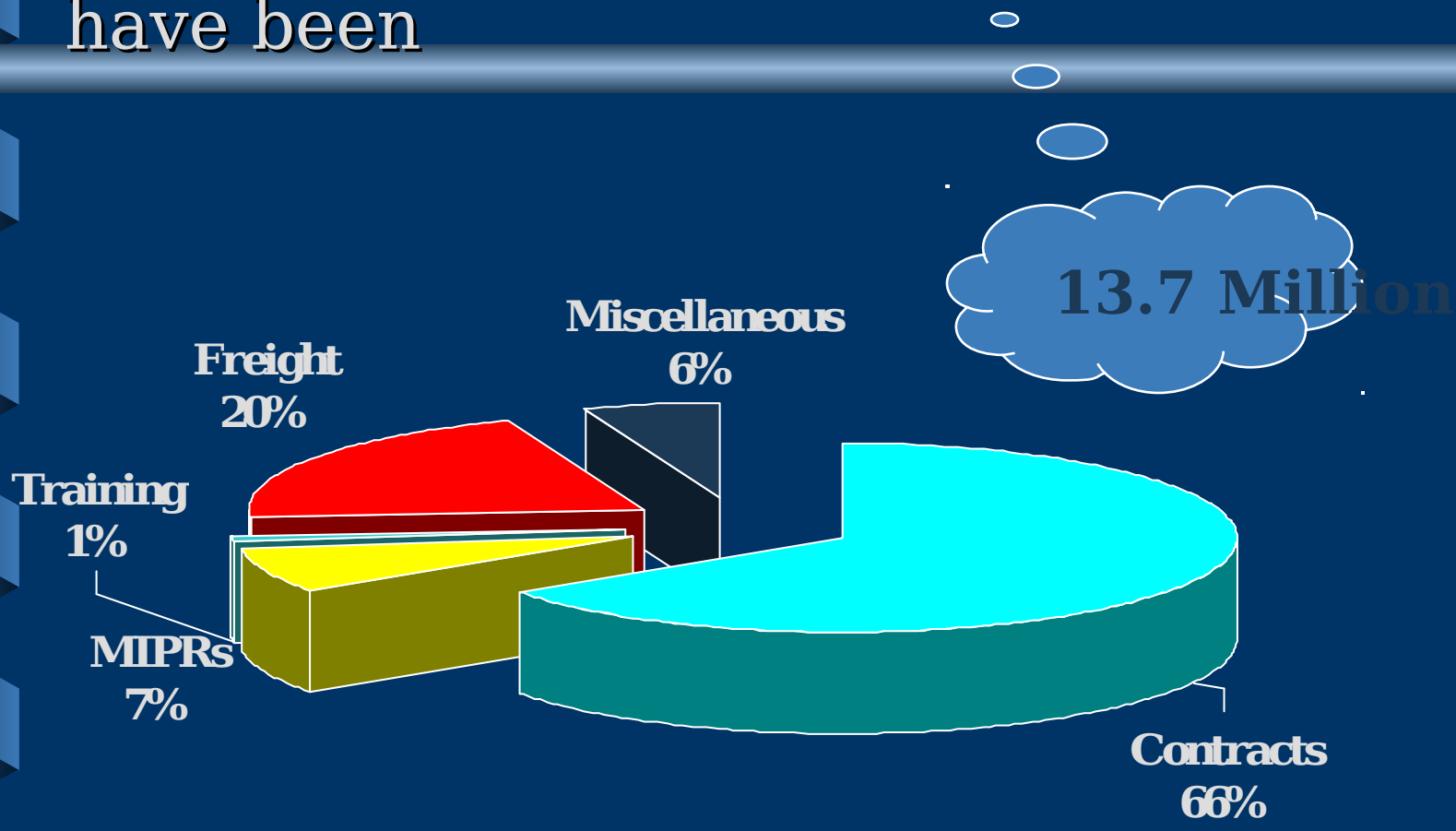
- DoD policy to issue cards at lowest level
  - empower and hold accountable
- Approving Officials in cardholder chain of command
  - also billing/certifying official
- Resource Manager involved in set-up process
  - help set cardholder and billing office monthly limits
- Reserve/Obligate Funding prior to card usage
  - minimize detail (single line of accounting)

Legislative Efforts

- Raise Micro-Purchase Threshold to $10,000
  - Reform initiative on Hill defeated
  - Labor and Small Business communities expressed concerns
  - Re-evaluate in 12 Months
    - Need to collect Small Business statistics to support
    - Need to assess benefits
- Overseas Single purchase limit $25,000 implemented

Where We're Going

Re-engineering Memo #6 - what it could have been



DOD Purchase Card Program

Purchase versus Payment

- Purchases at and below Micro-Purchase Threshold
  - authorizes purchases without clauses/provisions
    - eliminates need for “paper”
  - requires determination of fair and reasonable price
  - requires rotation of sources
  - card offers best (simplest) method for purchase
    - DoD mandates use of card
- NIB/NISH and UNICOR ***are*** applicable

DOD Purchase Card Program

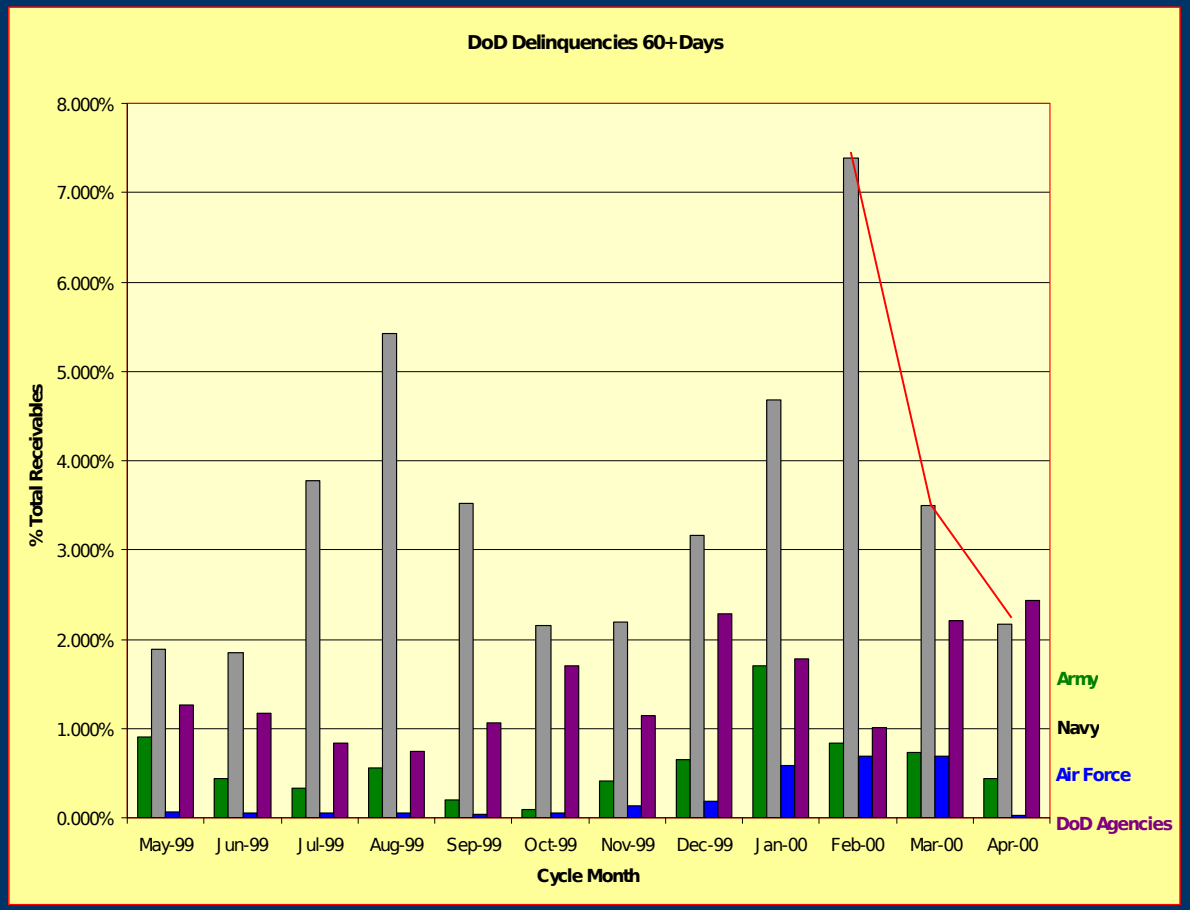
Purchase versus Payment

- Use of Card over Micro-Purchase Threshold
  - clauses/provisions apply
  - more complex procedures as costs increases
    - small business
    - competition
    - advertising
  - card cannot be used as stand-alone purchasing method
  - *HOWEVER*:
    - orders placed against large contract offer savings
      - can be written or verbal
      - card can be designated method of payment

Vision: Paper-Free End-to-End

- Account setup and maintenance on web
- Cardholder and billing statements on web
- Reports on web
- Surveillance on web
- Certification on web
- EFT to bank

Delinquencies



Rebates

faster payment = bigger rebate

Basis Points Computed Based on Days Paid After Invoice Date

30	35.0	20	50.0	10	65.0
29	36.5	19	51.5	9	66.5
28	38.0	18	53.0	8	68.0
27	39.5	17	54.5	7	69.5
26	41.0	16	56.0	6	71.0
25	42.5	15	57.5	5	72.5
24	44.0	14	59.0	4	74.0
23	45.5	13	60.5	3	75.5
22	47.0	12	62.0	2	77.0
21	48.5	11	63.5	1	78.5

$4,920,527 $7,029,325 $9,138,122

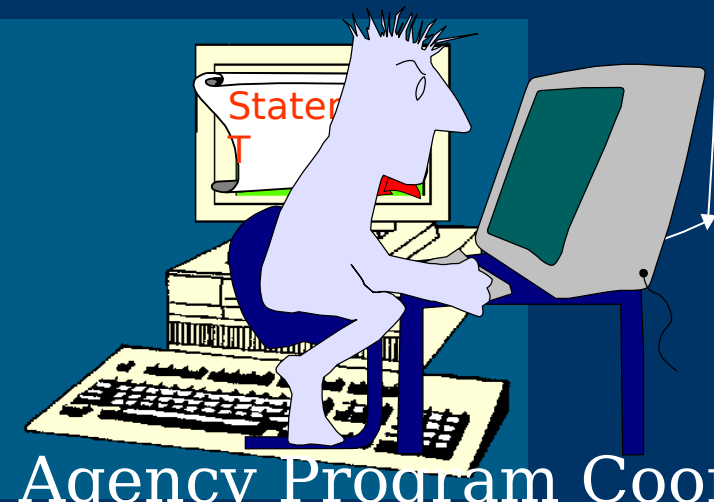
Obligations & Invoices

CARE/CITIDIRECT

Merchants

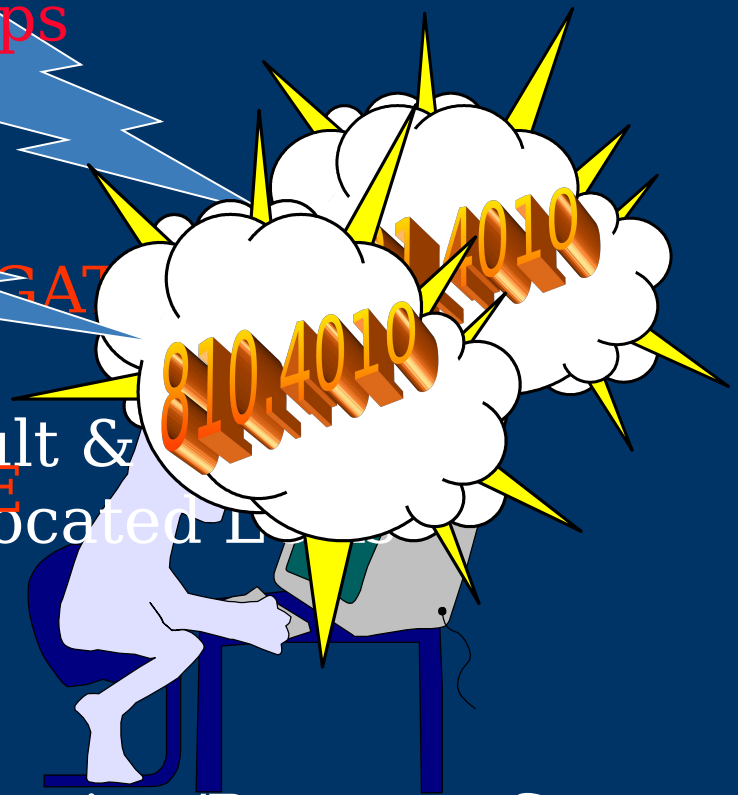
Account Set Ups
Maintenance

Cardholder



INVOICE

Default &
Reallocated L



Agency Program Coordinator

Accounting/Payment Systems

Department of Defense Purchase Card Program Management Offi - Microsoft Internet Explorer provided by SARDA Internet Services

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Address http://purchasecard.sarda.army.mil/ Links

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The GSA Smart Pay Conference is scheduled for August. Check out all the details for the co

PurchaseCard Program Management Office

Department of Defense Purchase Card Program Management Offi - Microsoft Interne